DEVELOPMENT OF THE AGRICULTURAL MARKET OF UKRAINE IN THE CONTEXT OF INTEGRATION PROCESSES

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Abstract: *Determined the role of the agricultural sector in food self-sufficiency and formation of export flows, identified the fundamental trends of food consumptions and agro-food foreign trade. The methodological basis of the research is the system of general and special scientific methods. Empirical results, concerning the role of the agrarian corporate sector, have been obtained through retrospective analysis, grouping, benchmarking and generalization. The commodity structure research showed negative changes in value added. The share of unprocessed goods in trade increases due to a decrease in the share of processed products, which allows us to state the raw material orientation of Ukrainian agro-food exports. It was noted that attention should be focused on increasing the share of products with higher value added in agro-food exports. The prospects for increasing exports of organic products were outlined. The Ukrainian agro-food foreign trade is characterized bypositive features, including an increase in value and volume of productions and exports, improved food self-sufficiency, surplus trade accretion and by negative ones, namely irrationality of the consumption structure, reduction of the share of processed products and semi-finished products in the agrarian trade structure.*

Key Words: *agro-food foreign trade, food security, competitiveness, commodity structure, export flows, integration processes*

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1. Introduction

The agrarian sector and its most important component, agricultural production, in recent years have beenamong the most successful areas of the national economic complex of Ukraine. Thus, agriculture demonstrates significant rates of economic growth and high profitability, which increases its share in the macroeconomic results of the national economy. Although during the time of Ukrainian state independence (since 1991) the human and material resources of the agrarian sector have significantly decreased, the efficiency of their use has increased, the innovative component of agricultural production is growing dynamically. This allows the industry not only to fully ensure the food independence of the country, but also to play a key role in stabilizing macroeconomic indicators, which is especially noticeable in times of crisis.

Accordingly, the presence of Ukraine in the global food market is expanding. The export of agricultural and food products stably provides a significant positive balance of foreign trade and has recently formed half of the country's export earnings.

At the same time, along with obvious achievements, agri-food production and consumption in Ukraine are faced with many problems. The main ones include: structural imbalance in agricultural production; non-optimal structure of food consumption of the Ukrainian population by main components, which poses a threat to national food security; high level of involvement of the agricultural sector in the global economy while preserving the predominantly raw materials orientation of agricultural exports and the resulting insufficient stability of financial assurance for producers during periods of unfavorable global conditions, etc.

2. Purpose of research

The impact of these problems on the state and prospects of development of the agricultural sector and food supply of Ukraine is supposed to be reflected in this paper, which **purpose** of is to determine the conformity of food needs of the domestic market to the recommended values and the role of agricultural production in its saturation, as well as to assess the export positions of the country's agricultural sector and the impact of global integration processes on its development.

3. The degree of investigation of the problem currently

Publications of domestic scientists, in particular Vlasova V., Kvasha S., Lupenko Yu., Pugacheva M., Seheda S.,Zinchuk T. [1, 2, 4, 8, 17], are devoted to the current state, characteristic trends and opportunities for increasing agri-food exports of Ukraine, Paskhaver B, Sychevsky M. [7, 9]have investigated the problems of food security.

Considerable attention is paid to the study of the main directions of Ukraine's integration into the world economy and the consequences of integration processes for the domestic agri-food sector, in particular, such scientists as Ostashko T.A., Deineko L.V., Kobuta I.V. and etc. [3, 5, 6].However, due to the diversity of the mentioned issue it can not be considered fully disclosed.

4. Results obtained and discussions

Providing food needs of the domestic market of the country. Food security is the ability of a society to ensure that peoplehave access to healthy food. World statistical practice offers two threshold criteria for the minimum level of food security: food sufficiencyis determined by its energy value and should not be less than 2,5 thousand kcal of daily ration per capita; availability of food, measured by the cost of food (a country with more than 60% of household budgets spent on food is considered as poor).

The dynamics of the indicator of food availability in Ukraine coincides with the historical trend of food sufficiency. In 1990, the average family spent 32% of income on food, in 2000 – 83%, in 2018 - 50.9%. For comparison: in the US, this figure is 10%.

The assessment of the state of food security gives the comparison of the actual level of food consumption with its normative indicators, which are approved by legislative documents (Table 1). So far, the average food consumption in the country has managed to overcome the barrier of minimum standards. At the same time, the average actual level of nutrition is significantly less than the rational norm.

Table 1: Consumption of main food-stuff in Ukraine, per capitain year, kg

Items	Standards of food consumption		
	Minimum [1)]	Rational [2)]	Actual in 2018
Bread-stuff products	95	101	99,5
Potatoes	96	124	139,4
Sugar	32	38	29,8
Oil	8	13	11,9
Eggs, pcs.	230	290	275
Meat and meat products	52	80	52,8
Milk and milk products	340	380	197,7
Fish and fish products	12	20	11,8
Vegetables and cucurbits crops	105	161	163,9
Fruits, berries and grapes	68	90	57,8
Total, kcal per day	2730	3373	2706

[1)] Approved by the Cabinet of Ministers of Ukraine of 14.04.2000 p.
[2)] Recommended by Ministry of Health of Ukraine.
Source: calculated using the data from the State Statistics Service of Ukraine.

Estimation of two sets of food energy sources: cheap (bread, potatoes, sugar, oil) and expensive (meat, fish, milk, eggs), where, in our estimation, in the first one, unit of energy value costs the consumer 4 times less than in the second one. Thus, due to the low purchasing power of the average consumer, he prefers cheap energy, for which actual consumption reaches or is slightly lower than the norm of rational nutrition. On the contrary, in terms of the set of expensive energy sources, the actual food consumption is much less than the rational norms. This indicates an unsatisfactory state of food security in Ukraine, as the average indicators of food consumption do not meet the standards of healthy eating, neither in volume nor in structure.

The reduction of food consumption occurred unevenly for different product groups. The most it affected products with high production costs and, accordingly, sales prices: meat, dairy and fish products, fruits, berries, grapes. Such change of the food consumption structure, namely, a significant decrease in the proportion of protein-vitamin products in the diets of the population, significantly reduced the overall level of physiological safety of the domestic food market. The physiological safety of the domestic market is low in terms of the ratio of plant and animal proteins in the diet, as well as in the presence of an appropriate amount of vitamins, minerals, and micronutrientsnecessary for the human body.

The analysis of such ratios indicates the irrationality of the consumption structure of the population of Ukraine. In 2018, the rational norms of potatoes and vegetables consumption were exceeded. During this period, the consumption of breadstuff products decreased, and as a positive trend, the excess of rational norms of consumption of vegetables should be noted. At the same time, the consumption of products such as meat, milk, fish, that is, the main suppliers of proteins for the human body, is significantly lower than rational norms. In 2018, in Ukraine, meat and meat products on average per person were consumed 34% less than the norm, milk and dairy products - 48%, fish - 41%.

The crisis of 2014-2015 led to a significant reduction of the national food market. Over these two years, food prices have risen up to 64%, so the household spending on food decreased by a third. Limited paying capacitydemand is the main reason for the decline in production in the agri-food industry. In 2015, agricultural production decreased by almost 5%, food industry - by 11%, retail food trade - by almost 18%.

Results of 2016-2018 suggest that the "bottom" of the recession is behind. In 2019, agricultural production grew by 1.1%, food industry - by 3.9%, and retail food trade grew by 5.8%. Inflation of food market decreased slightly (from 111.1% in 2018 to 108.0% in 2019), but growth in real disposable income of the population was recorded (in Q3 2019, it amounted to 104.6% compared to the corresponding period of the previous year). Now Ukraine needs a strategy, which in the developed countries is named “quantitative easing policy” aimed at increasing the purchasing power of the population.

Agricultural export potential of Ukraine. In recent years, there has been a constant increase in the share of foreign exchange earnings from exports of domestic agricultural products. Last year, the agricultural sector provided 44% of all foreign trade revenues of the state (in 2009-2012, an average of 22%, in 2014 - 31%, and in 2016 - 42%). The volume of corresponding imports is almost four times lower, which steadily forms a positive balance of foreign trade balance of agri-food products (see Table 2).

Table 2: Dynamics of the foreign agri-food trade of Ukraine

Indicators	**2005**	**2010**	**2013**	**2015**	**2018**	**2019**
Exports, US$ mio.	4307	9935	17024,3	14564,2	18611,8	22146,0
Imports, US$ mio.	2684	5762	8184,0	3478,9	5055,5	5734,8
Balance, US$ mio.	1623	4173	8840,3	11085,3	13556,4	16411,2
Share of food products and raw materials in total exports, %	12,3	19,0	26,8	38,2	39,3	44,2
Share of food products and raw materials in total import, %	7,4	9,5	10,7	9,3	8,8	9,4

Source: calculated using the data from the State Statistics Service of Ukraine.

The share of agri-food products in the country's total exports has now stabilized along with a steady increase in agri-food exports (in 2019 it increased by 4.9% compared to 2018). It should be noted that this was achieved through an increase of the physical volume of exports (the index of the physical volume of exports was 121.7%), as the price index of agri-food exports amounted to 97.5%, indicating a decrease in export prices in 2019. It indicatesthe long-term trend (six years in a row) of falling world food prices. Therefore, last year, domestic farmers only by increasing the physical volume of exports managed to get an additional 3.9 billion US dollars of export earnings.

Crop products and vegetable fats, primarily cereals and sunflower oil, generate almost 80% of export revenues in the agri-food group. The share of processed food products during 2005-2017 decreased from 30 to 15.9%. Among the reasons for this was the restriction on the import of agri-food products to the countries of the Eurasian Economic Union (EAEU), where they have traditionally been supplied.Armenia, Belarus, Kazakhstan, Kyrgyzstan and the Russian Federation formed this integration association on January 1, 2015. In 2017, agri-food exports to these countries amounted to 755.9 million dol. US dollars or 41% of the level of 2014, and in 2019 - 931.5 million US dollars (mainly due to exports to Belarus, which forms these volumes by 64.3%).

At present, the total volume of exports of processed food products is growing. In 2019, this growth was 6.7% compared to the previous year, but the share of this group of goods in agri-food exports after two years of growth decreased again and amounted to 14.5%.

The table 3 shows domestic agri-food exports by main importers (excluding EU countries). During 2011-2013, the main importer was the Russian Federation with a steady decline in its share in Ukrainian agri-food exports. In 2014, the Russian Federation more than halved food imports from Ukraine and ceased to be the largest importer of Ukrainian food. In 2015, the relevant trade flows decreased by 3.3 times, in 2016, due to the Russian Federation's embargo on food imports from Ukraine, they amounted to 93.0 million US dollars (4.8% of the level of 2013), in 2019 - 64.3 million US dollars.

Table 3: Dynamics of foreign agri-food trade of Ukraine with the biggest importing countries, $ Mio

Countries	**2011**	**2013**	**2014**	**2017**	**2018**	**2019**
China	103,1	484,0	764,9	1015,3	1171,0	1953,4
Egypt	862,2	1524,3	1390,9	1257,9	888,7	1674,0
India	944,9	1079,4	1390,9	1953,4	1856,1	1545,5
Turkey	883,6	688,3	665,6	928,9	800,2	1543,9
Israel	268,4	443,5	377,6	411,2	337,0	456,0
Saudi Arabia	551,7	427,8	629,1	358,8	588,7	390,2
Iran	403,4	526,1	591,2	527,6	420,8	207,7
Russian Federation	2025,0	1941,1	911,8	102,3	92,2	64,3

Source: calculated using the data from the State Statistics Service of Ukraine.

Instead, the importance of China, India, Egypt, as well as other countries in Asia and North Africa as importers of domestic products is significantly increasing. The main market for Ukrainian agricultural products remains the Asian market, which slightly reduced its share in the structure of Ukrainian exports in 2019 to 42.2% from 45% in 2017. In 2019, the main partner Asiancountries were India, Turkey and China. Currently, trade relations in the field of agri-food are intensifying with Indonesia, where agri-food exports during 2011-2019 increased from 16.3 to 561.8 million USdollars. In second place among the groups of exporting countries are the EU (a share of 33%), where the main partners are the Netherlands, Spain and Germany. The top three are closed by African countries, which in turn occupy 14.9%. The main African partners are Egypt, Tunisia and Morocco.

Despite the relatively low efficiency of the agricultural sector, low productivity compared to the world agricultural leaders, Ukraine takes significant place on world economic proportions in terms of gross agricultural production. Throughout the period of independence, Ukraine has consistently been among the top ten countries - world producers of barley, buckwheat, sunflower, potatoes, sugar beets, and now - among the top ten producers of wheat, corn, and milk are already included.

Particularly in recent years, Ukraine has been increasing fast the production of corn, rapeseed, and soybeans, which has affected its place among world producers.

Table 4: The share of Ukraine in world agricultural production indicators, %

Indicators	1992	2000	2005	2010	2014	2017	2019 expected*)
Wheat	3,5	1,7	3,0	2,6	3,3	3,6	3,8
Corn	0,5	0,6	1,0	1,4	2,8	2,3	3,2
Sunflower seed	9,7	13,1	15,4	21,5	24,5	29,0	29,9
Rapeseed	0,4	0,3	0,6	2,4	3,1	3,0	4,9
Soybeans	0,1	0,04	0,3	0,6	1,3	1,2	1,1

Source: Estimated according to the FAO
*) Estimated according to the United States Department of Agriculture

Ukraine is also increasing its share in the world production of agro-food productswith higher added value. In 2019, according to FAS USDA, Ukraine produced 32.8% of the global volume of sunflower oil, 6.1% - barley, 1.5% - milk. Accordingly, Ukraine is also a leading world exporter, in particular, of sunflower oil (1th place), corn (4th place), barley (2th place), rapeseed (2th place), wheat (5th place) and poultry meat (5th place) (table 5). Ukraine is also one of the twenty leading countries in the export of milk powder (8th place). In addition, Ukrainian agricultural exporters increased sales of honey by 1.5 times compared to 2013 and in 2018 took 8th place in the world with an export share of 4.4%.

Table 5: The share of Ukraine in world exports of agricultural production, %

Indicators	1992	2000	2005	2010	2013	2017	2019 expected*)
Barley	1,4	3,6	13,6	17,3	7,5	17,3	17,6
Corn	-	0,2	3,1	2,7	13,5	13,3	19,3
Sunflower seed	2,6	21,7	1,1	8,2	1,3	2,2	3,7
Rapeseed	0,2	0,7	2,1	7,0	11,1	8,5	20,0
Soybeans	0,03	0,02	0,3	0,2	1,4	1,9	1,6
Sunflower oil	3,7	15,3	21,3	37,6	37,8	55,8	54,8

Source: Estimated according to the FAO
*) Estimated according to the United States Department of Agriculture

Ukraine has significant potential for increasing exports of agricultural and food products. At the same time, priority is given to increasing the share of processed foods with high added value in the overall structure of exports.

The organic market is attractive for production and export, since the profitability of such business in almost any of its segments is significantly higher than in the traditional agricultural one. According to the commercial service of the US Embassy in Ukraine, the average return on investment in Ukrainian organic farming is approximately 300%.

Research conducted by the Organic Movement Federation of Ukraine shows that the modern domestic consumer market for organic products in Ukraine began to develop from the beginning of the 2000s, amounting to: in 2004 - 100 thousand euros, 17.5 million euros in 2015, and in 2018 - 33.0 million euros. However, in terms of the volume of the domestic organic market of Ukraine, it occupies only twenty-fifth place in Europe. From each hectare of organic land in our country, the domestic market gets only 50 euros of products, while in Europe - 2345 euros. This is due to primarily export orientation of the organic production of Ukraine [16].

In the world livestock market, Ukraine does not play a significant role either as a manufacturer or as an exporter. For some time it was one of the ten largest importers of meat. At the same time, given the rather rapid development of the world meat and milk market, as well as the continued growth of poultry farming, domestic producers will eventually have the prospect of taking their rightful place on the world livestock markets.

Increased yields and intensified production due to technological innovations will lead to increased production, even if the area of arable land remains unchanged. At the same time, new factors of uncertainty are emerging in addition to the usual risks faced by agriculture.

Further expansion and intensification in the livestock sector will lead to an increase in the use of crops for animal feed. High demand for animal products will stimulate the expansion of production in the livestock sector by increasing livestock. Combined with increased sales, this will stimulate demand for animal feed, with the share of fodder crops such as corn and soybeans expected to grow in the global crop structure. It is expected that in the next decade the growth of grain consumption for feed will exceed the growth of grain consumption for food.

This year an important factor that will affect the world and national economies is the COVID-19 pandemic, which has been felt by all sectors of the world economy. The world's leading companies are focused on how to adapt their activities to quarantine measures, save jobs and minimize their losses due to the recession. The consequences of the first months of COVID-19 for the Ukrainian economy were: reduction of GDP, complete or partial shutdown of enterprises, a sharp rise in unemployment.

It is predicted that by the end of 2020, the countries with the most stable economies will lose at least 2.4% of their GDP. The forecasts of world GDP growth rates for 2020 have also been reduced: from 2.9% to 2.4% [15]. Declining consumer demand in the European Union and the United States will have a negative impact on imports from developing countries. The economies of all countries will feel the effects of reduced world production, disruption of trade chains, reduced investment. The COVID-19 pandemic will affect all sectors of the economy, but to varying degrees. Agriculture refers to industries that are stable under quarantine measures. In these conditions, the domestic agri-food sector will be influenced by the following factors:

- global price decline due to oversupply;
- restrictions on the work of resource-supplying industries, which will lead to complications in the procurement of seeds, plant protection products and fertilizers;
- increase in orders from supermarkets to avoid shortages of certain categories of goods;
- difficulties with the sale of products for small agricultural producers;
- stable demand in the segment of basic products - bread, meat, eggs and milk;
- decline in demand for premium products due to a decrease in purchasing power.

The outlook for the agri-food sector is quite favorable. In particular, demand is expected to increase for such products as raw materials for the production of basic foodstuffs, as well as during the quarantine it is expected an increase of demand for goods with a long shelf life. After quarantine is over, a gradual restoration of individual segments depending on pricing policy is expected.

In connection with the above mentioned, it is obvious that the export agri-food potential of Ukraine will be in full demand. The main export areas will continue to be the raw material group, namely crop production (corn, wheat, sunflower seeds, rapeseed, soybeans) and vegetable oils, and fruit and vegetable export will also develop. At the same time, we can expect a dynamic increase in the export of livestock products, primarily chicken, eggs.

In the context of a pandemic, a steady increase in food demand on world markets, the growing negative impact of climate change on Ukrainian agricultural production, it is necessary to monitor the ratio of key indicators of food balances (production, consumption, changes in stocks, etc.) and constant coordination on the optimal volume of food exports in order to ensure food security of the country.

Assessment of the impact of global integration processes on the development of the agricultural sector. One of the main characteristics of the current stage of world economic development is the strengthening of integration processes. Ukraine, being a major producer and exporter of agri-food products, which also has significant potential for the development of agricultural production in the context of growing global demand for agricultural products, is of undoubted interest to both food-importing countries and competing states in the field of world agri-food supplies. In this context, we evaluate the integration prospects of the agricultural sector of Ukraine and their real and expected consequences.

As noted, the agri-food complex of Ukraine annually increases the degree of involvement in the global economic system, intensifies international integration processes in the field of agricultural and food products trade. Below are the main trends and economic consequences of this in the context of the countries-main trading partners of Ukraine, primarily from among those with which agreements on the creation of free trade zones (FTAs) are concluded. Currently, Ukraine has free trade agreements with the EU, Canada, Georgia, Macedonia, Montenegro, the countries of the European Free Trade Association (Iceland, Liechtenstein, Norway, Switzerland), Israel, as well as the CIS countries (from January 1, 2016 Russia in unilaterally refused to fulfill its obligations under this agreement). Negotiations are underway on free trade zones with China and Turkey.

EU countries. Since 2014, the agricultural sector of Ukraine has been operating under conditions of mutual softening of the access of agri-food products to the national markets of the EU countries and since 2016, under the full operation of the Association Agreement with the EU (hereinafter referred to as the Agreement), including creation of a free trade area is provided [12].

According to Eurostat, in 2019 Ukraine maintained its position in the top three leaders in agri-food imports to the EU countries and provided more than 6% of total imports [14]. At the same time, unlike with the United States and Brazil, which occupy the first and second positions, respectively, the scope of delivery of Ukrainian products is steadily increasing relative to previous periods, for instance, almost a third compared to 2018. In total, in 2019, agricultural products worth 7.4 billion euros were delivered to the EU from Ukraine.

Along with this, the import component in trade with the EU is also increasing (by 23% in 2019 – up to 2.5 billion euros). Accordingly, agricultural commodity foreign trade between Ukraine and the EU is also growing. Thus, in 2019, it grew to 9.9 billion euros, which is almost 18% higher than the previous year. Such a turnover makes up more than a quarter of the total volumes of mutual supplies of Ukraine and the EU. The balance of mutual trade in agri-food products has always been positive. In 2019, it amounted to about 5 billion euros, which is 20% higher than in 2018. In general, assessing the consequences of signing the mentioned Agreement for the agricultural sector of Ukraine, it can be noted that for the period 2013–2019 agri-food exports to the EU grew by more than 60% with a decrease in imports by almost 20%, which led to an increase in the mutual trade balance by 3.5 times.

The main European partners for Ukraine in agri-food trade are the Netherlands, Poland, Spain, Germany, Italy, France and Belgium. The listed countries form almost 80% of the corresponding trade between Ukraine and the European Union.

Among the leading Ukrainian export agricultural products to the EU markets, as well as in general export deliveries, there were traditionally cereals, oilseeds and vegetable oil. In addition to these products, the greatest growth has taken place in export to the EU of cabbage (+ 2001.9%), pork fat and poultry fat (+ 40.9%), barley (+ 204.8%), oats (+ 125.5%), eggs (+ 229.8%), soybean oil (+ 165.8%), root crops (+ 115.8%) [10].

At the same time, according to European statistics, in 2019 Ukraine again entered the top three among fruit and vegetable producers in Eastern Europe [13]. The country ranks third place in apple production in the region, and is also one of the top three world producers of cherries and currants. In 2016–2019 export of fresh fruits from Ukraine increased from 40 to 80 thousand tons. The main positions of Ukrainian fruit export are apples and watermelons. In the segment of vegetables, onion exports increased most noticeably (from 14 to 20 thousand tons).

The expansion of supplies was the result of more competitive prices for Ukrainian goods, as well as a significant increase in the quality of domestic dairy products, which has been observed in the recent years. It is noteworthy that the Netherlands is the main European importer of both poultry and butter.

In total, according to the State Food and Beverage Service of Ukraine, in 2019, 333 Ukrainian enterprises had the right to export products to the countries of the European Union, of which 153 produce products for human consumption, 180 – non-food products. Of the indicated number of enterprises producing products for human consumption, the majority (72 enterprises) have the right to export honey to the EU, 27 – fish products, 22 – dairy products, 17 – chilled live snails, 8 – poultry and meat products, 4 – eggs and egg products, one each – intestinal raw materials and collagen. Compared to 2018, the number of Ukrainian enterprises supplying products to the EU increased by 42 units, all of which produce food products.

Among the main obstacles to expanding the presence of Ukrainian producers of agricultural and food products in the European market is the fact that in Ukraine there are noEU-accredited laboratories with the right to conduct research and issue certificates confirming the proper quality of products. This greatly complicates and increases the cost of corresponding exports to the EU market.

Under the Agreement between Ukraine and the EU, import tariff quotas for Ukrainian products apply only for 40 commodity items. Some of them are traditionally chosen by Ukrainian producers already in the first days after the start of their operation (such as honey or poultry), while some are not used at all due to the lack of access to the EU market (for example, until now the EU market is not open for Ukrainian beef, lamb).

In 2019, Ukraine fully used quotas for duty-free export of agri-food products to the EU for 12 groups of goods, including: honey, sugar, barley groats and flour, starch and processed starch, processed tomatoes, grape and apple juices, corn and wheat, poultry, butter and milk pastes. In addition, an import tariff quota for processed cereal products was selected for 99%, and garlic – for 84%.

Ukrainian producers actively took advantage of the additional quotas that were provided by the EU as far back as 2017. Besides that, 100% additional import quotas were used for honey, processed tomatoes, barley groats and flour.

However, Ukraine did not use quotas for mushrooms, sugar syrups and processed oil products in 2019 at all.

Ukrainian experts have repeatedly noted the need to modernize and revise the current mechanism of duty-free import tariff quotas under the Agreement in order to increase its effectiveness for both Ukraine and the EU. At the same time, it is proposed to discuss with the European Commission the separation of quotas for grain and flour, the possibility of revising import tariffs outside quotas for certain types of products, the possible modification of the trade regime for those commodity items where quotas distort the market situation in Ukraine and have a negative impact, first of all, on small farmers.

Therefore, it can be stated that the interaction between Ukraine and the EU, carried out within the framework of the Agreement, brings tangible positive results for the Ukrainian agri-food complex.

Canada. The FTA agreement between Ukraine and Canada was signed on August 1, 2017. Already in 2018, there was an increase in mutual trade volumes, in particular, the expansion of Ukrainian exports. Thus, the export of Ukrainian goods as a whole has grown by almost half. However, according to the results of 2019, the increase was only 9%.

As for agri-food, the situation has not yet shown tangible positive. According to the agreement, since it comes into effect, among the main types of Ukrainian agri-food products that receive full duty-free access to the Canadian market, sunflower oil, sugar, confectionery and chocolate, alcoholic drinks and beer, juices are indicated. Partial liberalization includes frozen poultry meat and offal, cheese, margarine, and the like.

Just before the ratification of the FTA Agreement, Ukrainian experts and officials noted that the greatest benefits from the abolition of existing tariffs among Ukrainian producers of agri-food products should be given to producers of vegetables and fruits, sunflower oil, confectionery and chocolate, alcoholic beverages and beer. However, in 2018, compared with 2017, noticeable positive changes in the export of these products to Canada took place in only a few product groups. First of all, this concerned fruit and vegetable juices, the export of which more than doubled both in quantity and in value terms, volumes and revenues from the export of water, soft drinks and beer, chocolate and other cocoa products, cooked vegetables, fruits, nuts also increased slightly. Exports of sunflower oil remained virtually unchanged.

It can be said that the volume and value of agri-food exports to Canada are insignificant in comparison with the total export volumes from Ukraine. Consequently, the main positive result of the FTA with Canada so far can only be considered the fact of Ukrainian producers entering the demanding and highly competitive Canadian market. The expansion of domestic agri-food exports to

Canada is currently constrained by the high technological requirements that exist there, which a relatively small number of Ukrainian producers can meet.

All of the above indicates that the development of the Canadian market by Ukrainian agri-food products, although it has undeniable prospects, is slower than expected.

Israel. The FTA agreement between Ukraine and Israel was signed on January 21, 2019 and ratified by the Ukrainian Parliament in July 2019, and the implementation of the FTA is expected to take from 3 to 7 years. Therefore, it is too early to speak about any results of its action. We will only evaluate the current situation and potential opportunities of Ukrainian agricultural producers and exporters in this market. Dynamics of agri-food trade between the two countries in 2018-2019 on the whole, was positive, although not large enough. In particular, exports from Ukraine grew by almost one and a half times, but at the same time amounted to only about 450 million dollars (i.e. approximately 2% of the total corresponding national export). At the same time, Ukraine is a net exporter of such products.

Mostly raw materials are delivered from Ukraine, primarily cereals and oilseeds. Thus, only due to barley, corn and rapeseed, exports in 2019 grew by almost $ 100 million. Compared to 2018, revenues from the export of waste from processing industry, in particular, sunflower oil (by 9.2 million dollars), as well as oilseed meal (by 4.5 million dollars) also increased in 2019. The largest share in the structure of Ukrainian exports to Israel is held by cereals (almost 72%), waste and residues of the food industry (9%), as well as vegetable oils and oilseeds (6% and 5%, respectively). In total, the share of finished products (groups III and II TN FEA) in 2019 amounted to about 22% of exports to Israel, which roughly corresponds to the level of such an indicator for agri-food exports of Ukraine as a whole.

Ukraine purchases mainly exotic fruits, flavors, juices, vegetables and the like from Israel.

According to experts, the liberalization of trade with Israel will primarily benefit those industries whose products are already on this market. Therefore, the goods listed above will continue to be in the list of promising for export to this country. At the same time, not only this product has prospects. Israel is interested in mineral and carbonated waters, bakery and confectionery, chocolate and other products containing cocoa. Promising products for increasing exports from Ukraine to Israel are also called cattle meat and livestock, honey, nuts, ice cream, condensed milk.

China. In the context of global integration of Ukrainian agricultural sector, it should not go without mention such an extremely important foreign trade partner as China. Throughout 2012-2019 agricultural exports from Ukraine to China increased 16 times – from 55 million dollars up to 1.36 billion dollars. Nowadays this country occupies a leading position in the foreign trade of Ukraine. China imports 30% of the total export of Ukrainian soybean and 14% – of sunflower oil, 26% - meal, 13% – corn, 12% – wheat flour. The list of Ukrainian enterprises that have obtained permission to export agricultural products to China is expanding annually. As of the end of 2019, such export was allowed for 35 Ukrainian dairy companies, 32 companies for the export of sunflower meal, 2 for beet pulp and 3 for frozen beef. Among the potential export destinations are, first of all, wheat and rapeseed, flour, poultry and egg products, fish and fish products, honey, apples, blueberries and sorghum.

All of the above suggests that liberalization of foreign trade in agri-food products as a whole has a positive effect on the realization of the development potential of the agricultural sector of Ukraine and macroeconomic indicators of the state. The task of Ukraine is to further expand the geography of agri-food exports while solving urgent current problems in the development of the agricultural sector and adjusting the structure of agricultural production in accordance with the needs of the domestic and global markets.

5. Conclusions

According to forecasts of the development of the agricultural market, Ukraine occupieskey positions in almost all segments of grain and oilseedsproduction and export. In the medium term, the export agricultural potential of Ukraine will be in full demand.

Prospects for the development of domestic agricultural production will be determined by the possibilities of increasing the share of product groups with high added value. In particular, Ukraine has a sufficiently large potential for increasing processing and exports not only of sunflower oil, where our country occupies a leading position, but also of exporting grain processing products. It should be noted that products with deep processing are in stable demand in the world market, generate high prices, and can provide a significant increase in export revenues.

The Association Agreement with the EU as a whole has a positive effect on realizing the potential of the domestic agri-food complex. Every year there is an increase in trade between Ukraine and the EU countries. At the same time, the commodity range of export flows is expanding (including the export of processed products) and a significant positive balance of foreign trade in agri-food products remains. EU imports are growing mainly in complementary segments.

The signing of FTA agreements between Ukraine and Canada, as well as between Ukraine and Israel, has not yet significantly affected the volume of mutual trade in agricultural food products, although there are undoubtedly prospects for developing these markets with Ukrainian agricultural products.

Further activation of integration processes in the sphere of foreign trade depends both on the state and directly on the agricultural business. The key to success is the understanding by Ukrainian agricultural producers of the terms of trade on international markets and their willingness to comply with them, which, in addition to having competent management, is associated with considerable expenses.

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